Implementation of VAT

4120. SHRI K. RAMA MOHANA RAO : Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state :

(a) whether it is a fact that majority of the States have expressed their willingness to implement VAT from June, 2003;

(b) whether there is any specific provision relating to VAT and decision of legislative powers between the Union and States under the current constitutional scheme; and

(c) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN) : (a) to (c) As per Entry 54 of List II (State List) of the Seventh Schedule of the Constitution of India, tax on sale or purchase of goods is a State subject. On the recommendations of the Chief Ministers' Conference held on 22nd June 2000, an Empowered Committee of State Finance Ministers has been constituted which is empowered to take decisions on various issues relating to State-level Value Added Tax (VAT), including its introduction by States. This Committee has informed that Haryana has introduced a VAT regime with effect from 01-04-2003 and that 15 other States have also indicated their willingness to introduce VAT with effect from 01-06-2003.

Road map for introduction of VAT

4121. SHRI R.P. GOENKA : Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state :

(a) whether Government have taken a fresh decision on the road map for introduction of the Value Added Tax (VAT) regime in the country;

(b) if so, the details thereof;

(c) whether any study has been made to assess the negative impact of the uncertainty prevailing over a period of time and the sudden postponement of the VAT regime, originally proposed from 1st April, 2003, on companies' inventory stocks and losses across various States and product categories;

(d) if so, the details thereof; and

(e) an analysis of the views expressed by various States so far on the new system?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN) : (a) and (b) As per Entry 54 of List II (State List) of the Seventh Schedule of the Constitution of

India, tax on sale or purchase of goods is a State subject. On the recommendations of the Chief Minister's Conference held on 22nd June, 2000, an Empowered Committee of State Finance Minister's has been constituted which is empowered to take decisions on various issues relating to VAT, including its introduction by States. This Committee has informed that Haryana has introduced a VAT regime with effect from 1.4.2003 and that 15 other States have also indicated their willingness to introduce VAT with effect from 1.6.2003.

(c) and (d) Since VAT is a State subject, the Union Government has not conducted any study in this regard.

(e) The Empowered Committee of the State Finance Ministers has not informed that any State Government has formally opposed the introduction of VAT.

Buy back of domestic debt

4122. SHRI K. RAHMAN KHAN : Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state :

(a) whether it is a fact that Government propose to buy back its domestic debt worth Rs. 40,000 crores in the next fiscal year from various banks at discounted premium; and

(b) if so, the details in this regard and the benefits likely to accrue therefrom to Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) and (b) Government propose to offer a buyback of high coupon relatively illiquid Government securities on voluntary basis during the current year. The participating banks will be allowed additional deduction for income tax purposes on premium received to the extent that such premium is used for provisioning for their non-performing assets. The scheme will enable the Central Government to reduce interest burden on the outstanding market loans.

Sub-Committee on printing of currency notes

4123. SHRI PREM CHAND GUPTA : Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state :

(a) whether the Reserve Bank of India had appointed a Sub-Committee which overruled the recommendations/suggestions of a High Powered Committee earlier formed by Government with regard to printing of currency notes in India; and

(b) if so, the reasons therefor?